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E.O. 12958: DECL: 09/11/2019  
TAGS: [ECON](#) [EIND](#) [EINV](#) [RS](#) [GE](#)  
SUBJECT: MAGNA/SBERBANK: CLOSER TO ACQUIRING OPEL

REF: A. MOSCOW 2296  
[1](#)B. MOSCOW 1617

Classified By: A/ECON MC John Stepanchuk for reasons 1.4 (b. and d.)

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Summary  
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[1](#)1. (C) The Magna/Sberbank bid has cleared the most recent hurdle in acquiring European Opel and received a green light from the GM Board. Approval from the Opel Trust does not appear to be an obstacle. The GOR, however, appears to have unrealistic expectations about the impact of this acquisition on the Russian car market. It looks upon this deal as a gateway to cutting edge technology (to be used perhaps throughout the entire Russian auto industry) and a way to break into the European market. GM merely sees it as a way to increase its production capacity inside Russia. It appears that, even if the deal does close by the end of November, there may still not be a "meeting of the minds".

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Deripaska Goes to Detroit...  
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[1](#)2. (C) Reports indicate that GM felt it had little choice but to agree to the Magna/Sberbank purchase. Oleg Deripaska (owner of GAZ Group, Magna/Sberbank's industrial partner) traveled to Detroit to finalize the details of his role in the Magna/Sberbank acquisition and demonstrate Russian commitment to the deal. Magna/Sberbank enjoyed full German government support -- to the tune of USD 2.2 billion in bridge financing and USD 6.6 billion in state guarantees -- in return for promises to keep German factories open. Furthermore, it was rumored that although GM wanted to keep or buy back European Opel at a later date, it could not source the necessary financing.

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...But the Devil is in the Details  
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[1](#)3. (C) Whether it is comfortable or not with Magna/Sberbank's acquisition of Opel, GM sees a strong future in Russia -- despite the current steep downward slope in demand. GM CIS is planning to expand production in Russia, either through an earlier negotiated joint venture or the Magna/Sberbank purchase of European Opel (reftels). That said, the technology transfer question will likely bedevil this partnership for years to come.

¶4. (SBU) Russia sees the European Opel acquisition as an important way to "integrate Russia into the European economy" according to Sberbank head German Gref. GM doesn't share that vision; it merely wants to expend in Russia. The terms of the deal specify that Opel's new owners will continue to pay royalties for the use of GM technology and all plans concerning Opel must be approved by the GM Joint Product Board indicating that Magna/Sberbank will be on a tight leash.

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Comment  
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¶5. (C) It appears likely that the Magna/Sberbank acquisition of Opel will be concluded by the end of the year. The GOR clearly believes that Opel is a golden ticket to an innovative auto sector supported by GM know-how. GM, in turn, appears willing to gamble on letting the Russians have some access to its technology in order to secure a strong foothold for GM in the Russian car market.

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